Maryland

Trauma Physician Services Fund

September 15, 2005

Update to

The Maryland Health Care Commission

Maryland Trauma Physician Services Fund

- **Must report on the status of the Fund each September**
- **Goal:** Stabilize the trauma system by providing reimbursement for…

1. Physician operating losses from uncompensated care and Medicaid under-payment.
2. Trauma center fixed costs for physician on-call expenses.
3. Trauma centers' physician standby payments to physicians will be recognized in HSCRC approved rates – no direct cost to the Fund.

Funding source is a $5 surcharge on MVA automobile renewals.

MHCC Responsibilities

- MHCC and HSCRC are responsible for defining the methodology, taking into account:

  1. the amount of physician uncompensated care and Medicaid under-compensated trauma care;
  2. the cost of maintaining trauma physicians on-call;
  3. the number of patients served by trauma physicians in trauma centers.

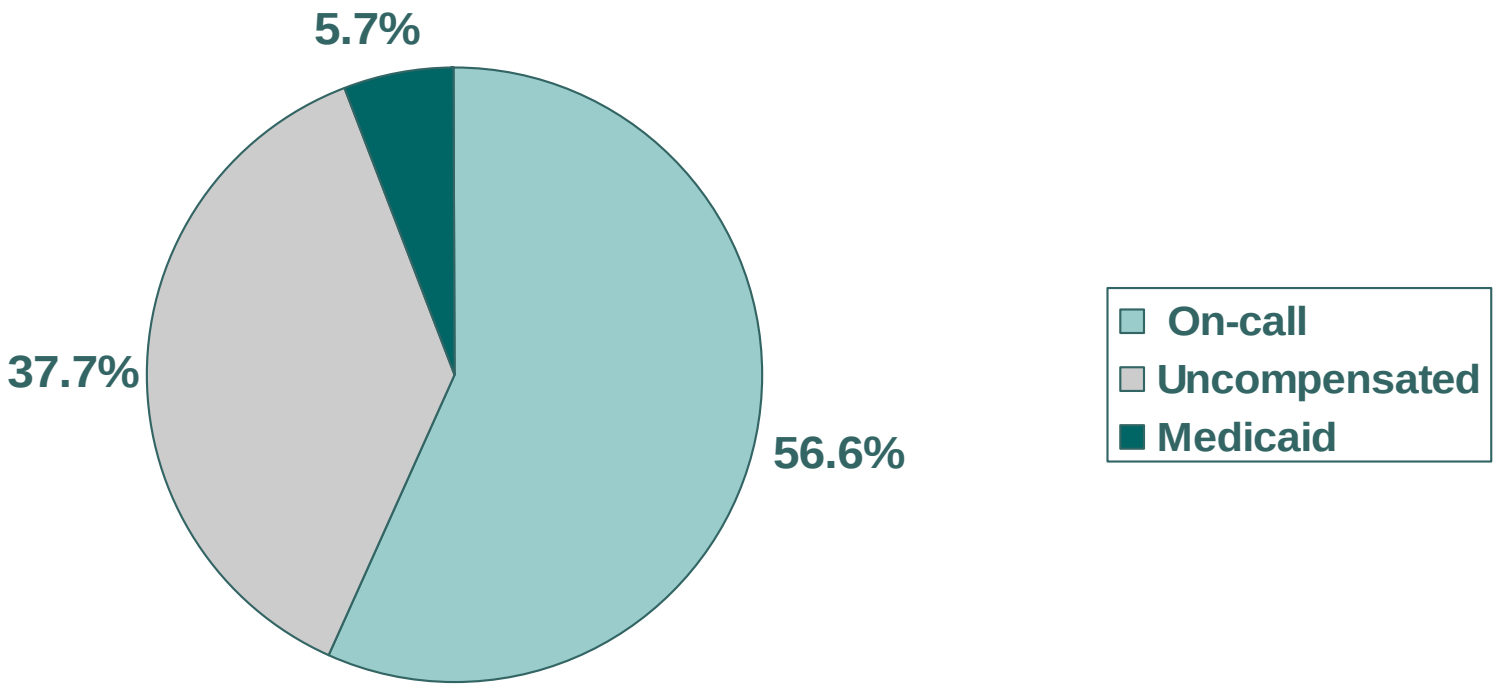
- The Commissions directed to include an incentive to encourage hospitals to continue to subsidize trauma-related costs, not otherwise included in hospital rates.
- Legislation specifically defined many payment rules.

Fund Balance For FY 2005

Revenue from the $5 Registration Renewal Fee thru 06/30/2005	$ 22.1 Million
Outlays in Prior Year	$ 2.1 Million
Total Outlays for FY 2005 (9 months of Experience)	$ 4.5 Million
Balance at FY 2005	$15.5 Million
Outstanding Obligations for 2005 Received, but not Paid	$3.1 Million
Balance Less All Obligations Paid and Unpaid	$12.4 Million

Note: Unpaid obligations occur because hospitals and practices submit requests for on-call and uncompensated care on a semi-annual basis. The second semi-annual for FY 2005 was submitted to the MHCC on July 31, a month after the fiscal year closes.

Distribution of Dollars for Services Paid and Incurred in FY 2005



Outlook For The Future

- Real balance in the Fund is increasing by about $5-6 million per year.
- Medicaid elevated payments are less than estimated -- will decline further as fees are raised to Medicare levels.
- On-call and uncompensated care payments are growing
- Emergency Medicine will exceed payment cap in FY 2006 -- $250,000.
- Children's National Medical Center will receive $275,000 grant for Standby expenses.
- Expansions could increase spending by $4.5 $-5.5 million a year with jeopardizing Fund.
- General Assembly could consider expanding eligibility in the Fund.

Possible Approaches for Modifying the Fund

- **Prescriptive Approach** – General Assembly specifies in the legislation adjustments to particular aspects of disbursement – raise caps on on-call, increase payment rate for uncompensated care.
  - Legislation defines the shares going to each category.
  - Stakeholders come to consensus once.

- **Flexible Approach** – Direct the commissions to manage funds, but allow some flexibility in defining eligibility and setting payment methodologies.
  - Require more tinkering with existing law, i.e. remove hours of on-call and 100 percent of Medicare on payment.
  - commissions become setting for debate.
  - Approaches are not mutually exclusive.

- Some flexibility is desirable, otherwise Fund balance becomes an annual debate.

Possible Options for Expanding Uncompensated Care

1. Expand the number of physicians eligible to submit an uncompensated care application by adding all trauma physician specialties. Increase $1 million
2. Remove the $250,000 cap on payments to emergency room physicians. Increase $50,000 per year
3. Allow certified registered nurse anesthetist (CRNA) working under the medical direction of an anesthesiologist to bill the Fund. Increase $100,000
4. Expand the definition of trauma care to include patients seen at specialty referral centers. Increase $500,000

Options would establish greater parity for all specialties designated as part of the trauma team in distribution of UC.

Possible Options for Expanding on-Call

1. Raise Level II trauma centers on-call ceiling to 30 percent of Medicare reasonable compensation equivalent. Increase $1. million
2. Remove the specialty-specific ceilings and allow trauma centers to obtain payment for on-call with no limitation on specialty eligibility. Increase $1.5 million
3. Raise Children's National Medical Center's Standby Allowance. Increase $250,000

Options would establish greater parity between Level II and Level III centers and allow Children's to recover greater share of standby expenses.

Other Options for Medicaid and Administrative Efficiencies

1. Increase trauma physician fees to 100 percent of Medicare and finance the fee update via an annual transfer from the Trauma Fund. **No additional cost**
2. Grant Commissions flexibility in setting fees, length of service, and place of service. **Initial year $350,000 -$500,000**

Next Steps

- Staff will share report with HSCRC. Submit to the General Assembly after HSCRC meeting on October 7th.
- Share a copy of draft report with trauma providers.
- Work with providers to gather better estimates on costs of uncompensated care and on-call expense.